

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-01

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TO SECSTATE WASHDC 4388

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

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AMEMBASSY STOCKHOLM

AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL MARTINIQUE

AMCONSUL NICE

AMCONSUL STRASBOURG

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: GOF AND THE LABOR SCENE

1. SUMMARY. IN RADIO-TV INTERVIEW CHIRAC ACCUSED
UNIONS (CGT-CFDT) OF BAD FAITH AND DESIGNS TO WRECK
THE GOF AUSTERITY PROGRAM. ON PTT SITUATION, HE
ANNOUNCED PLANS TO CREATE A NEW SORTING SYSTEM BY
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USING CHAMBERS OF COMMERCE AND MILITARY. INTERVIEW

LEFT NO DOUBT THAT GOF IS PURSUING STRATEGY OF FIRMNESS TOWARDS UNIONS IN BELIEF THAT IT IS WORTH THE RISKS INVOLVED TO PROTECT INTEGRITY OF AUSTERITY PROGRAM. END SUMMARY.

2. IN COURSE OF RADIO-TV INTERVIEW EVENING 18 NOVEMBER, PRIME MINISTER CHIRAC DREW SHARPLY THE BATTLE LINE BETWEEN GOF AND THOSE UNIONS WHICH HE SAID "SEEK TO WRECK THE 1975 BUDGET." HE ACCUSED THE CGT-CFDT UNIONS OF BEING OF BAD FAITH IN CLAIMING THAT GOF REFUSES TO NEGOTIATE AND CONTENDED THAT THERE HAS BEEN MORE NEGOTIATING DONE IN LAST FEW MONTHS THAN IN LAST 20 YEARS WHICH, OF COURSE, WAS A SLIGHT EXAGGERATION. HE ENERGETICALLY STATED THAT GOF OVERALL "ECONOMIC POLICY IS NOT NEGOTIABLE" BUT HE REPEATED GOF READINESS TO DISCUSS SPECIFIC ISSUES OF DIRECT INTEREST TO WORKERS.

3. ADDRESSING HIMSELF TO THE PTT STRIKE NOW ENTERING ITS FIFTH WEEK, CHIRAC MADE A GOOD CASE IN PRESENTING GOF CONCESSIONS ON SOME 68 ISSUES ENTAILING AN ADDITIONAL EXPENSE OF 500 MILLION FRANCS PER YEAR. HE DEFENDED GOF REFUSAL TO NEGOTIATE WAGE INCREASES FOR PTT EMPLOYEES ONLY, CLAIMING RIGHTFULLY THAT THIS WAS A MATTER FOR NEGOTIATION BY ENTIRE PUBLIC SERVICE. HE REITERATED GOF COMMITMENT TO EARLY NEGOTIATIONS IN PUBLIC AND NATIONALIZED SECTORS OF 1975 CONTRACT WHICH WOULD GUARANTEE EMPLOYEES' PURCHASING POWER AGAINST INFLATION AND EVEN PROVIDE A SLIGHT PROGRESSION FOR LOWER PAID CATEGORIES.

4. IN CONTRAST WITH FOREGOING, CHIRAC WAS SOMEWHAT FUZZY ABOUT PTT EMPLOYEES' SECOND DEMAND FOR ADDITIONAL JOBS TO REDUCE ALLEGED CURRENT UNDERSTAFFING. 1975 BUDGET PROVIDES FOR 4,000 NEW JOBS WHICH IS APPROXIMATELY 1 PERCENT INCREASE AGAINST A 2 TO 3 PERCENT ESTIMATED INCREASE IN WORK LOAD. PM'S VAGUENESS ON THIS ISSUE REINFORCES BELIEF THAT GOF MAY SEIZE OPPORTUNITY PRESENTED BY 20 NOVEMBER DEBATE BY NATIONAL ASSEMBLY OF PTT BUDGET TO AGREE WITH LIMITED OFFICIAL USE

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ANTICIPATED PROPOSAL BY SOME DEPUTIES THAT 4,000 FIGURE BE RAISED. THIS COULD PROVIDE THE MUCH SOUGHT AFTER FACE-SAVING FORMULA FOR AN END TO THE PTT STRIKE.

5. IN RESPONSE TO DRAMATIC APPEALS FROM BUSINESS COMMUNITY WHICH IN SEVERAL PROVINCIAL CITIES TOOK THE FORM OF A BUSINESSMEN DEMONSTRATION, CHIRAC

ANNOUNCED THAT A NEW SORTING SYSTEM IS BEING IMPLEMENTED
TO HANDLE PRIMARILY BUSINESS MAIL. NEW "PARALLEL"
SYSTEM WILL BE STAFFED BY MILITARY AND CIVILIANS MADE
AVAILABLE BY LOCAL CHAMBERS OF COMMERCE.

6. FIRM BUT NOT AGGRESSIVE, DECISIVE BUT NOT OVER-
BEARING, AND A GREAT DEAL MORE SELF-CONFIDENT THAN
IN PREVIOUS TV APPEARANCES, PM SOUGHT TO COUNTER
TRADE UNION PROPAGANDA ON THE EVE OF THE CGT-CFDT
NATIONAL DAY OF STRIKES. HIS BROADER PURPOSE HOWEVER
WAS TO REASSURE THAT SIZABLE PART OF THE POPULATION,
ESPECIALLY IN THE PROVINCES, WHICH TRADITIONALLY AND
REGARDLESS OF POLITICS EXPECT FIRMER STANCE FROM THE
AUTHORITIES AND ENERGETIC USE OF GOF RESOURCES IN

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MEETING ANY CHALLENGE TO LAW AND ORDER.

7. PRESS AND RADIO COMMENTATORS HAVE CORRECTLY ASSESSED THE PM'S STATEMENTS AS EXPRESSION OF A TOUGH LINE AND OF GOF DETERMINATION TO DEFEND AUSTERITY PROGRAM AGAINST TRADE UNION CHALLENGES. WE LIMITED OFFICIAL USE

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ARE STRUCK, HOWEVER, BY A CRITICAL UNDERTONE IN PRESS COMMENTARY EVEN BY THOSE WHO ARE NOT NECESSARILY FRIENDLY TO LABOR. THE COMMENTATORS SEEM TO QUESTION THE WISDOM AND PROPRIETY OF WHAT THEY CONSIDER TO BE THE GOF POSITION, I.E., TO HAVE NOW A TEST OF STRENGTH WITH CGT-CFDT BY EXPLOITING AND DEADLOCKED SITUATION IN PTT.

8. COMMENT. WE BELIEVE THAT GOF STRATEGY OF FIRMNESS IS DICTATED AS MUCH BY ECONOMIC CONSIDERATIONS AS BY POLITICAL CALCULATIONS. THE ECONOMIC GOAL IS OF COURSE TO PROTECT INTEGRITY AND EFFECTIVENESS OF AUSTERITY PROGRAM AGAINST OBVIOUS RISKS (WILLFULLY PERHAPS PROMOTED BY CGT-CFDT) OF OPENING GATES OF PUBLIC SERVICE WAGE INCREASES. GOF BELIEVES THAT A SETBACK BY UNIONS NOW MAY PROVIDE MUCH NEEDED RESPITE UNTIL FEBRUARY WHEN ECONOMIC DOWNTREND MAY REACH ITS NADIR. AT THAT POINT GOF WILL BE READY TO SOFTEN ITS PROGRAM AND THEREBY BE ABLE TO STAY A STEP AHEAD OF UNIONS AS IT HAS DONE UNTIL RECENTLY.

9. NARROWNESS OF GISCARD'S ELECTION HAS MADE GOF SENSITIVE TO ANY ATTEMPT BY THE OPPOSITION EVEN IF ACTING THROUGH ALLIED UNIONS TO ARROGATE TO ITSELF THE RIGHT TO INFLUENCE GOF ECONOMIC POLICIES. IN HIS TV INTERVIEW CHIRAC CORRECTLY NARROWED HIS PREVIOUSLY GENERAL ACCUSATION OF POLITICAL MOTIVATION BEHIND CGT-CFDT ACTIONS TO IMPLY A DRIVE TO CHANGE GOF BROAD POLICIES AND NOT TO CHALLENGE GOF ITSELF. HENCE CHIRAC'S FORCE DEFINITION OF WHAT IS NEGOTIABLE.

10. IN GOF'S VIEW THIS STRATEGY OF FIRMNESS IS

STILL POSSIBLE BECAUSE NEITHER THE UNION LEADERS,
ESPECIALLY CGT, NOR THE RANK AND FILE ARE READY FOR
A REAL CONFRONTATION. WHILE WE SHARE THIS ESTIMATE,
WE BELIEVE THE RISKS IN SUCH A STRATEGY IF CARRIED
TOO FAR ARE NOT NEGLIGIBLE. PRO-LABOR PRESS SLANT
IS NOT WITHOUT ITS INFLUENCE IN THIS RESPECT. THE
ASSESSMENT OF THE 19 NOVEMBER SHOW OF STRENGTH
ORGANIZED BY CGT-CFDT AND AFTERMATH MAY PROVIDE
ANOTHER WAY OF MEASURING DEGREE OF RISKS INVOLVED
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IN PRESENT GOF STRATEGY.
RUSH

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